



# consumer news

Office of Consumer Affairs

Executive Office of the President · Virginia H. Knauer, Director

SEPTEMBER 1971

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## President announces action for new prosperity

"The time has come for a new economic policy for the United States," President Nixon told the nation last month. "Its targets are unemployment, inflation and international speculation [about the international value of the dollar]." In his Aug. 15 nationwide broadcast, the President outlined his new economic policy: "We must create more and better jobs; we must stop the rise in the cost of living; we must protect the dollar from the attacks of international money speculators."

The President explained the need for a freeze on prices, wages, salaries and rents: "Inflation robs every American. The 20 million who are retired and living on fixed incomes are particularly hard hit. Homemakers find it harder than ever to balance the family budget. And 80 million wage earners have been on a treadmill. In the four years between 1965 and 1969, your wage increases were completely eaten up by price increases. Your paychecks were higher, but you were no better off."

The President emphasized that the freeze on wage, salary, price and rent increases is temporary—just 90 days from his announcement. He also emphasized: "I am relying on the voluntary cooperation of all Americans—each one of you: workers, employers, consumers—to make this freeze work."

## Highlights of the President's economic program

President Nixon's new economic policy is keyed to a 90-day voluntary freeze on wage, price and rent increases. The price freeze applies to prices, rentals, commissions, margins, markups, rates, fees (including fees for professional services), charges, allowances or any other form of compensation on the sale or delivery of commodities (except raw agricultural commodities such as fresh fruits and vegetables, fresh eggs, fresh fish), services and real estate. The wage freeze applies to wage and salary rates and other compensation paid or received in employment. The freeze on rents applies to all payments for the use of occupancy of real estate. Although the effective date of the general freeze was Aug. 15, the President's order permits continuation of the highest price, salary, wage or rent level actually used in substantial transactions during the 30 days prior to Aug. 14.

The President outlined his other major economic steps:

- Recommendation that Congress make a \$50 increase in personal tax exemptions effective Jan. 1, 1972, instead of Jan. 1, 1973, as originally scheduled;
- Request to Congress to repeal the 7% excise tax on automobiles (as of Aug. 15); this would save consumers about \$200 in taxes when buying a U.S. car;
- Request to Congress to grant a 10% investment tax credit to industry for one year to encourage companies to invest in new equipment and machinery that in turn will create new jobs; the President requested that the tax credit be reduced to 5% after Aug. 15, 1972;
- Imposition of a 10% surcharge tax on almost all goods imported into the U.S.;
- Temporary suspension of the U.S. policy of converting dollars into gold in international exchange. The effect might be changes in rates for exchanging dollars for foreign money—meaning that consumers might pay higher prices for imported products and foreign travel. But suspension of the policy will not change the value of the dollar within the U.S. for buying American-made products.

No huge bureaucracy will be established to control the freeze as the Office of Price Administration did in World War II days—the President is relying principally upon voluntary compliance although the Federal Government can and will resort to legal remedies when necessary, including \$5000 fines for each violation. The 90-day freeze will be supervised by the newly created Cost of Living Council.

## **Cost of Living Council to oversee wage & price stability**

President Nixon has established the **Cost of Living Council** to encourage and promote voluntary action by consumers, agriculture, industry and labor for adherence to his new economic policy. The President has directed the council to develop and recommend "additional policies, mechanisms and procedures to maintain economic growth without inflationary increases in prices, rents, wages and salaries" after the 90-day freeze ends. The council is composed of **Treasury Secretary John Connally**, who is council Chairman; **Council of Economic Advisers Chairman Paul McCracken**, who is council Vice Chairman; **Agriculture Secretary Clifford Hardin**; **Commerce Secretary Maurice Stans**; **Labor Secretary James Hodgson**; **Housing & Urban Development Secretary George Romney**; **Office of Management & Budget Director George Shultz**; **Office of Emergency Preparedness Director George Lincoln**; **Office of Consumer Affairs Director Virginia Knauer**. Arnold Weber, former Associate Director of OMB, is council Executive Director, and Arthur Burns, **Federal Reserve Board Chairman**, is council Adviser.

### **Consumers have role in voluntary wage & price freeze**

If you have questions or complaints about the freeze, write or call any **Office of Emergency Preparedness Regional Service & Compliance Center** or any **Internal Revenue Service** office. The **Agriculture Dept.'s Soil & Conservation Stabilization** offices also will answer questions.

Give the following information:

1. Your name and address and names and addresses of others who can provide information on questionable price or wage or rent practices.
2. Description of products purchased, services acquired or place being rented and the price paid—including amount of discounts eliminated, side cash payments, data to show false bills or tags; specific wage level involved in complaint, including type of compensation and job classification.
3. Information about the highest prices, wages, salaries or rents paid during the 30 days prior to August 15. This is extremely important in documenting whether increases after the President's message were legal.
4. Other information to establish violation of the freeze—invoices, canceled checks, ads, contracts, account books, purchase orders.

### **OEP's 10 Regional Service & Compliance Centers**

**ATLANTA**—For persons in Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee:  
161 Peachtree St., N.E., Suite 514  
Atlanta, Ga. 30303  
404-526-4401 or 404-526-4545

**BOSTON**—For persons in Connecticut, Maine, Massachusetts, Rhode Island, Vermont:  
JFK Federal Building, Rm 2003 L  
Boston, Mass. 02203  
617-223-2490 or 617-223-4053

**CHICAGO**—For persons in Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin:  
33 E. Congress Parkway, Rm 410  
Chicago, Ill. 60604  
312-353-5111 or 312-353-5112

**DALLAS**—For persons in Arkansas, Louisiana, Oklahoma, New Mexico, Texas:  
Federal Building, Rm 10B-121  
1100 Commerce St.  
Dallas, Tex. 75202  
214-744-3611

**DENVER**—For persons in Colorado, Montana, North Dakota, South Dakota, Utah and Wyoming:  
7200 W. Alameda Ave.  
Denver, Colo. 80226  
303-837-4981

**KANSAS CITY**—For persons in Iowa, Kansas, Missouri and Nebraska:  
New Federal Office Bldg., Rm 142  
601 E. 12th St.  
Kansas City, Mo. 64106  
816-374-5831

**NEW YORK**—For persons in New Jersey, New York, Puerto Rico, Virgin Islands:  
26 Federal Plaza, Room 1355  
New York, N.Y. 10007  
212-466-8450

**PHILADELPHIA**—For persons in Delaware, Maryland, Pennsylvania, Virginia, West Virginia, District of Columbia:  
Industrial Valley Bank Bldg.  
Room 1600  
1700 Market St.  
Philadelphia, Pa. 19103  
215-524-2435

**SAN FRANCISCO**—For persons in Arizona, California, Hawaii, Nevada, American Samoa and Guam:  
450 Golden Gate Ave., Rm 2029  
San Francisco, Calif. 94102  
415-556-7746

**SEATTLE**—For persons in Alaska, Idaho, Oregon and Washington:  
Federal Office Bldg., Rm 1095  
Seattle, Wash. 98104  
206-442-4552

## Jewel Food Stores freezes grocery prices at lowest level

Virginia Knauer, Special Assistant to the President for Consumer Affairs, has congratulated Jewel Food Stores, one of the nation's largest supermarket companies, on its decision to roll back grocery prices to the lowest regular price charged during the 30 days before the President's price freeze rather than the highest price as allowed under the President's order. Raw agricultural products, which are exempt from the freeze, will be priced during the freeze at lowest levels possible under market-cost conditions. Jewel plans to keep the low prices in effect through Dec. 31—about 6 weeks beyond the 90-day freeze. Mrs. Knauer said: "This is indeed a major step to benefit the consumer. Action such as this will be of immeasurable assistance in achieving the President's goal of prosperity without inflation in peace-time."

## Institute to start consumer research

**National Institute for Consumer Justice**, which was created in February at President Nixon's request, has received a grant of \$150,000 from **Office of Economic Opportunity**. The grant will help to pay for the institute's studies of methods to settle disputes between consumers and businesses. Thomas E. Kauper Jr., the institute's Executive Director, says the 15-member board of directors will meet in late September to set priorities for the institute's research program. Studies of small-claims courts and arbitration are expected to be the top priorities.

### ● Investigation of debt collection

Sept. 10 is the deadline for filing written comments or requesting permission to testify on **Federal Trade Commission's** proceeding to obtain information concerning the possible existence of unfair, misleading, deceptive or otherwise illegal practices of certain creditors and debt-collection agencies. Information derived from the investigation may lead to FTC's issuing a trade regulation rule or taking other appropriate action. Hearings will be 10 a.m. Sept. 13, 14 & 15, Hearing Rooms C & D, 22nd Floor, Federal Building, 26 Federal Plaza, New York. (For details, see *Federal Register*, Aug. 14, page 15473.)

Additional hearings and deadlines for filing notice for oral or written testimony are as follows:

New Haven—10 a.m. Oct. 5 & 6, Yale Law School Auditorium; deadline is Sept. 20.

Trenton—10 a.m. Oct. 27 & 28, Community Room, Trenton Times Building, 500 Perry St.; deadline is Oct. 12.

Harlem—10 a.m. Nov. 16, Community Room, Harlem Assertion of Rights, 35 W. 125th St., New York; deadline is Nov. 1.

Bedford-Stuyvesant—10 a.m. Nov. 17, Community Room, The Bedford-Stuyvesant Restoration Corp., 1368 Fulton St., Brooklyn, N.Y.; deadline is Nov. 2.

Write to Irving C. Koch, Project Supervisor, Federal Trade Commission, 26 Federal Plaza, New York, N.Y. 10007; written comments of more than 2 pages should be submitted with 20 copies.

### ● Lowering grades for veal & calf

Nov. 5 is deadline for filing written comments on **Agriculture Dept.'s** proposal to amend the standards for grades of veal and calf carcasses and the standards for vealers and slaughter calves. Significant changes proposed for the standards are (1) increased emphasis on color of lean in determining whether classification is veal or calf; (2) requirements for all grades of veal and calf carcasses would be reduced one grade (for example, the present minimum requirements for "choice" grade would become the new minimum requirements for "prime" grade); (3) quality requirements for veal would be reduced about a half for "prime" grade and reduced a full grade for "choice," "good" and "standard"; (4) quality requirements for the youngest calf carcasses also would be reduced about a half for "prime" grade and reduced a full grade for "choice," "good" and "standard"; for more mature calf carcasses, reduction in grade minimum would become progressively less with greater maturity; (5) "cull" grade would be eliminated, and the "utility" grade would include all veal and calf carcasses whose characteristics are inferior to those specified as minimum for "standard." Standards for grades of vealers and slaughter calves would be revised to coordinate them with proposed revised standards for veal and calf carcasses. (For details, see *Federal Register*, Aug. 7, page 14650.)

Send comments in duplicate to Hearing Clerk, U.S. Department of Agriculture, Washington, D.C. 20250.

## That bacon package may be a-changing

Representatives of Paperboard Packaging Council will meet with Virginia Knauer, Special Assistant to the President for Consumer Affairs, in mid-September to demonstrate and discuss new package designs available from bacon processors. Earlier this summer Mrs. Knauer's Office of Consumer Affairs urged bacon packers to use packages that would allow shoppers to see a whole strip of bacon. One type of package expected to be shown is one that will reveal about 85% of a slice of bacon—all but about an inch at each end.

## President creates business council for consumer affairs

President Nixon has created the National Business Council for Consumer Affairs by executive order. The council, composed of 110 representatives of business and industry, will serve as a catalyst for the development of constructive industry actions in the field of consumer affairs.

Virginia Knauer, Special Assistant to the President for Consumer Affairs, said the council meetings will provide the Federal Government with a continuing dialog with industry regarding consumer problems. She added that the council will be format for encouraging voluntary resolution of consumer problems in the market.

Council Chairman is Robert E. Brooker, who is Chairman of Executive Committees of Marcor Inc. and Montgomery Ward, and Vice Chairman is Donald H. Perkins, Chairman & Chief Executive Officer of Jewel Companies Inc. Council Executive Director is William D. Lee, Deputy Assistant Secretary of Commerce for Business Development.

## Read labels on children's sleepwear

Commerce Dept. has issued a flammability standard for children's sleepwear (pajamas, nightgowns, robes and other sleepwear up to and including size 6X), yet there is no way of knowing now which sleepwear in stores is flame-proof unless you read the labels. Some brands of flame-resistant sleepwear are already on the market, and they are voluntarily labeled to indicate that they are flame-resistant. Garments that do not measure up to the Federal standard by the end of next July must have the following label: "Flammable (does not meet U.S. Department of Commerce Standard DOCFF-3-71). Should not be worn near sources of fire." In two years, all children's sleepwear must meet the flame-resistant requirements. Goods manufactured after July 30, 1973, that do not comply with the standard will be removed from the market by Commerce Dept.

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